

2008 Current Fiscal Year Report: Securities and Exchange Commission Advisory Committee on Improvements to Financial Reporting

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1. Department or Agency

Securities and Exchange Commission

2. Fiscal Year

2008

3b. GSA

Committee
No.

3. Committee or Subcommittee

Securities and Exchange Commission Advisory Committee on
Improvements to Financial Reporting

31964

4. Is this New During Fiscal Year?

No

5. Current Charter

07/17/2007

6. Expected Renewal Date

7. Expected Term Date

8a. Was Terminated During Fiscal Year?

Yes

8b. Specific Termination Authority

8c. Actual Term Date

08/01/2008

9. Agency Recommendation for Next Fiscal Year

Terminate

10a. Legislation Req to Terminate?

No

10b. Legislation Pending?

11. Establishment Authority Agency Authority

12. Specific Establishment Authority

5 U.S.C. App.2 Section 1-16

13. Effective Date

07/17/2007

14. Committee Type

Continuing

14c. Presidential?

No

15. Description of Committee Other Committee

16a. Total Number of Reports

3

16b. Report Date

Report Title

02/14/2008

Progress Report of the SEC Advisory Committee on Improvements to
Financial Reporting

05/15/2008

Subcommittee Reports of SEC Advisory Committee on Improvements to
Financial Reporting

08/01/2008

Final Report of the Advisory Committee on Improvements to Financial
Reporting

Number of Committee Reports Listed: 3

17a. Open 6 17b. Closed 0 17c. Partially Closed 0 Other Activities 0 17d. Total 6 Meetings and Dates

Purpose

Start

End

(1) Discussion and deliberation of a Committee progress report with concrete proposals and conceptual approaches based on the Committee's work to date in the areas of substantive complexity, standard setting, audit process and compliance and delivery of financial information; (2) a decision to use the Committee progress report as the basis for a report to be published for public comment; and (3) a discussion of next steps and planning for the next meeting.	01/11/2008 - 01/11/2008
(1) Discussion and deliberation of a draft progress report with developed proposals, conceptual approaches and currently identified future considerations based on the Committee's deliberations of the Draft Decision Memorandum presented at its January 11, 2008 meeting in the areas of substantive complexity, standard setting, audit process and compliance and delivery of financial information; (2) a vote on a proposal to publish the Committee's draft progress report in final form to the Commission and for public feedback; and (3) a discussion of next steps and planning for the next meeting.	02/11/2008 - 02/11/2008
(1) Oral testimony from panel participants regarding the Advisory Committee's developed proposals related to materiality, restatements, and professional judgment; (2) oral testimony from panel participants regarding the Advisory Committee's developed proposal related to implementation of XBRL, and (3) consideration of comment letters received by the Advisory Committee, consideration of updates from subcommittees of the Advisory Committee, and discussion of next steps and planning for the next meeting.	03/13/2008 - 03/14/2008
(1) Oral testimony from panel participants regarding the Advisory Committee's developed proposals and conceptual approaches, as presented in the Advisory Committee's progress report dated February 14, 2008, related to substantive complexity and the standards-setting process; (2) consideration of comment letters received by the Advisory Committee; (3) consideration of updates from subcommittees of the Advisory Committee; and discussion of next steps and planning for the next meeting.	05/02/2008 - 05/02/2008
Discussion and deliberation of draft recommendations for the Committee's final report to the Commission.	07/11/2008 - 07/11/2008
Adoption of the Committee's final report to the Commission.	07/31/2008 - 07/31/2008

Number of Committee Meetings Listed: 6

	Current FY	Next FY
18a(1). Personnel Pmts to Non-Federal Members	\$0.00	\$0.00
18a(2). Personnel Pmts to Federal Members	\$0.00	\$0.00
18a(3). Personnel Pmts to Federal Staff	\$0.00	\$0.00
18a(4). Personnel Pmts to Non-Member Consultants	\$0.00	\$0.00
18b(1). Travel and Per Diem to Non-Federal Members	\$47,000.00	\$0.00
18b(2). Travel and Per Diem to Federal Members	\$0.00	\$0.00
18b(3). Travel and Per Diem to Federal Staff	\$50,000.00	\$0.00
18b(4). Travel and Per Diem to Non-member Consultants	\$0.00	\$0.00
18c. Other(rents,user charges, graphics, printing, mail, etc.)	\$300,000.00	\$0.00
18d. Total	\$397,000.00	\$0.00
19. Federal Staff Support Years (FTE)	0.10	0.00

20a. How does the Committee accomplish its purpose?

The scope of the advisory committee's work is to assist the Commission in analyzing the extent to which unnecessary complexity exists in the U.S. financial accounting and reporting system. The Committee's objective is to examine the U.S. financial reporting system, with a view to providing specific recommendations as to how unnecessary complexity in that system could be reduced and how that system could be made more useful to investors. The advisory committee is directed to conduct its work with a view to enhancing financial reporting for the benefit of investors, with an understanding that

unnecessary complexity in financial reporting can be harmful to investors by reducing transparency and increasing the cost of preparing and analyzing financial reports.

20b. How does the Committee balance its membership?

The Commission will use its best efforts to assure the advisory committee's membership is fairly balanced in terms of points of view represented and the functions to be performed. Seventeen members have been appointed to the advisory committee to represent the varied interests affected by the range of issues to be considered, and bring the collective experience of the varied membership to bear on the committee's work. The advisory committee's membership includes representatives of the interests of officers of public companies; board and audit committee members of public companies; auditors of smaller public companies and large and multi-national public companies, securities lawyers who provide professional services to public companies; regulators; credit rating agencies; and investors, among others.

20c. How frequent and relevant are the Committee Meetings?

Estimated Number of Meetings per Year - 4 Estimated Total Meetings - 8

20d. Why can't the advice or information this committee provides be obtained elsewhere?

In order to examine in a comprehensive and systematic way the extent to which unnecessary complexity exists in the U.S. financial accounting and reporting system, how unnecessary complexity in that system can be reduced, and how that system could be made more useful to investors, the Commission wants to reach out to a broad cross-section of affected constituents. The Commission is not aware of any person, committee or other entity that is currently capable of performing these functions, and no other agency can perform the functions envisioned for the advisory committee.

20e. Why is it necessary to close and/or partially closed committee meetings?

N/A.

21. Remarks

Best estimate data provided to Costs for FY08 ACR due to late billing by vendors.

Designated Federal Officer

James Kroeker DFO

Committee Members	Start	End	Occupation	Member Designation
Beresford, Dennis	07/31/2007	08/02/2008	Ernst & Young Executive Professor of Accounting, University of Georgia	Representative Member

Bies, Susan	07/31/2007	08/02/2008	Former Member, Board of Governors, Federal Reserve System	Representative Member
Cook, Michael	07/31/2007	08/02/2008	Former Chairman & CEO of Deloitte & Touche LLP	Representative Member
Diermeier, Jeffrey	07/31/2007	08/02/2008	CFA Institute	Representative Member
Evans, Scott	07/31/2007	08/02/2008	Executive Vice President, Asset Management TIAA-CREF	Representative Member
Griggs, Linda	07/31/2007	08/02/2008	Partner, Morgan, Lewis & Bockius LLP	Representative Member
Grundfest, Joseph	07/31/2007	08/02/2008	Professor of Law & Business, Stanford Law School	Representative Member
Jonas, Gregory	07/31/2007	08/02/2008	Managing Director, Moody's Investor Service	Representative Member
Liddell, Christopher	07/31/2007	08/02/2008	Chief Financial Officer, Microsoft Corporation	Representative Member
Mann, William	07/31/2007	08/02/2008	Senior Analyst, The Motley Fool	Representative Member
McClammy, Edward	07/31/2007	08/02/2008	Senior Vice President, Chief Financial Officer & Treasurer, Varian, Inc.	Representative Member
Nusbaum, Edward	07/31/2007	08/02/2008	CEO & Executive Partner, Grant Thornton LLP	Representative Member
Pozen, Robert	06/27/2007	08/02/2008	MFS Investment Management	Representative Member
Quigley, James	07/31/2007	08/02/2008	Chief Executive Officer, Deloitte Touche Tohmatsu	Representative Member
Sidwell, David	07/31/2007	08/02/2008	Chief Financial Officer, Morgan Stanley	Representative Member
Wallison, Peter	07/31/2007	08/02/2008	Arthur F. Burns Chair in Financial Market Studies, American Enterprise Institute	Representative Member
Weatherford, Thomas	07/31/2007	08/02/2008	Former Executive Vice President & Chief Financial Officer, Business Objects, S.A.	Representative Member

Number of Committee Members Listed: 17

Narrative Description

The scope of the advisory committee's work is to assist the Commission in analyzing the extent to which unnecessary complexity exists in the U.S. financial accounting and reporting system. The Committee's objective is to examine the U.S. financial reporting system, with a view to providing specific recommendations as to how unnecessary complexity in that system could be reduced and how that system could be made more useful to investors.

What are the most significant program outcomes associated with this committee?

Checked if Applies

Improvements to health or safety

☐

Trust in government

☐

Major policy changes

☐

Advance in scientific research

☐

- | | |
|---|--------------------------|
| Effective grant making | <input type="checkbox"/> |
| Improved service delivery | <input type="checkbox"/> |
| Increased customer satisfaction | <input type="checkbox"/> |
| Implementation of laws or regulatory requirements | <input type="checkbox"/> |
| Other | <input type="checkbox"/> |

Outcome Comments

NA

What are the cost savings associated with this committee?

Checked if Applies

- | | |
|----------------------------|-------------------------------------|
| None | <input checked="" type="checkbox"/> |
| Unable to Determine | <input type="checkbox"/> |
| Under \$100,000 | <input type="checkbox"/> |
| \$100,000 - \$500,000 | <input type="checkbox"/> |
| \$500,001 - \$1,000,000 | <input type="checkbox"/> |
| \$1,000,001 - \$5,000,000 | <input type="checkbox"/> |
| \$5,000,001 - \$10,000,000 | <input type="checkbox"/> |
| Over \$10,000,000 | <input type="checkbox"/> |
| Cost Savings Other | <input type="checkbox"/> |

Cost Savings Comments

NA

What is the approximate Number of recommendations produced by this committee for the life of the committee?

0

Number of Recommendations Comments

NA

What is the approximate Percentage of these recommendations that have been or will be Fully implemented by the agency?

0%

% of Recommendations Fully Implemented Comments

To date (1/16/09), the Commission has acted two of recommendations, and the staff is studying the remaining recommendations.

What is the approximate Percentage of these recommendations that have been or will be Partially implemented by the agency?

0%

% of Recommendations Partially Implemented Comments

See above.

Does the agency provide the committee with feedback regarding actions taken to implement recommendations or advice offered?

Yes ☐ No ☒ Not Applicable ☐

Agency Feedback Comments

NA

What other actions has the agency taken as a result of the committee's advice or recommendation?

Checked if Applies

Reorganized Priorities	<input checked="" type="checkbox"/>
Reallocated resources	<input checked="" type="checkbox"/>
Issued new regulation	<input checked="" type="checkbox"/>
Proposed legislation	<input type="checkbox"/>
Approved grants or other payments	<input type="checkbox"/>
Other	<input type="checkbox"/>

Action Comments

The Advisory Committee limited its scope to recommendations that did not require legislation. Approving grants/payments was outside the scope of the Advisory Committee.

Is the Committee engaged in the review of applications for grants?

No

Grant Review Comments

NA

How is access provided to the information for the Committee's documentation?

Checked if Applies

Contact DFO	<input checked="" type="checkbox"/>
Online Agency Web Site	<input checked="" type="checkbox"/>
Online Committee Web Site	<input type="checkbox"/>

Online GSA FACA Web Site



Publications



Other



Access Comments

GSA FACA website linked to Agency website for Advisory Committee